

DD/A Registry
File *Personal*

DD/A Registry
76-3879

30 JUL 1976

25X1A

25X1A

MEMORANDUM FOR: Mr. [REDACTED]
FROM : [REDACTED]
Chief, Benefits and Services Division
SUBJECT : Draft Report of Committee on Gifts and
the Proxmire Amendment

I have reviewed the draft committee report and recommend the following changes:

1. Delete paragraph 4d.
2. Add a new subparagraph 2 as follows:

The Department of State was delegated authority by the President in 1966 to establish rules and regulations necessary to carry out the purposes of the Foreign Gift and Decorations Act. State regulations provide that foreign gifts received by U. S. Government employees and their families be deposited with the Chief of Protocol if the retail value exceeds \$50. This has posed a serious problem to the Agency in the past because Protocol records are available to the public and in most of our foreign gift cases neither the donor or donee could be openly identified. As a result of recent negotiations between the Agency and the Office of Protocol an exception has been granted in the attached memorandum which permits us to omit the names of donor and donee or other pertinent information about foreign gifts being deposited with them. With this agreement we will be able to comply fully with the provisions of the Foreign Gift and Decorations Act.

State Dept. declassification & release instructions on file

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Att

Distribution:

0 - Addressee

1 - C/PSD Subj File

1 - HMAB



June 9, 1976

LIMITED OFFICIAL USE

STATINTL

Dear [REDACTED]

I refer to the meeting held in your office on February 10 in which Mr. Gookin and Miss Guilbault of my staff participated to discuss aspects of CIA compliance with the Foreign Gifts and Decorations Act of 1966. I regret our delay in responding to the several questions you raised at that time, which was occasioned by the careful consideration we have had to give the matter.

You inquired, I understand, about the deposit with the Chief of Protocol of gifts received by Agency personnel, and proposed turning over particular gifts without furnishing the name of the donor or donee. The Department's position on this question is that it would prefer to have the names of both donor and donee. We can appreciate, however, that in some cases the Agency would prefer to withhold certain information when in its judgment it is deemed necessary to protect intelligence sources. You are aware, I am sure, that neither the Act nor the regulations issued pursuant to it stipulates how gift records should be maintained in the Office of Protocol; the existing requirement to furnish names of donor and donee and other pertinent information is a procedural one designed in the interest of good record-keeping. We believe, therefore, that exceptions to the requirement can be made for the Central Intelligence Agency. Any requests for information which might arise on Agency gifts not available in the Department's files would, of course, have to be referred to the Agency.

You also suggested that Agency-held gifts be transferred to the Department of State in small groups over a period of time. We believe that piecemeal transfer of such gifts could lead to unnecessary and embarrassing questions. We therefore recommend that the Agency's initial

STATINTL

[REDACTED]
Office of Personnel,
Central Intelligence Agency,
Washington, D.C. 20505.

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-2-

transfer of gifts comprise all items which it now is holding for deposit with the Chief of Protocol.

Finally, your question regarding release of certain foreign gifts received by CIA personnel prior to October 15, 1966, has been addressed in a separate letter to Mr. Janney dated June 8, 1976.

You will be interested to know that each of the matters referred to above has been discussed informally with General Accounting Office site audit staff representatives this week. These representatives are familiar with the Act and with GAO's audit on compliance. They have expressed no objection to the positions taken in this letter.

Sincerely yours,

Hampton Davis

Hampton Davis
Assistant Chief of Protocol

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5 August 1976

FOREIGN GIFTS

The DDCI asked the IG to organize a group within the Agency to review the overall Agency policy on gift giving and to advise him on what our policy should be and how the current guidelines would best be modified. While the thrust of this review involves the Proxmire Amendment which would have restricted U. S. Government employees from giving gifts to foreign persons, the group is also giving some attention to the receipt of foreign gifts.

STATINTL

██████████ is the DDA member of this review group which also includes representatives of the DDO, DD/S&T, OLC, OGC and the IG. It will be necessary to delay revision of the foreign gifts regulations until the study group completes action and the DDCI determines any policy changes that may be required. A draft report has been prepared by the group and the IG is pressing for early action.

In the meantime, our regulations and procedures are sufficient to assure compliance with the Foreign Gift Act.

STATINTL

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM			
UNCLASSIFIED		CONFIDENTIAL	
SECRET			
OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
1	Mr. [REDACTED] 7D 18, Headquarters	3 AUG 1976	[Signature]
2			
3	ADDA	4 AUG 1976	[Signature]
4			
5	Registry		
6			
ACTION		DIRECT REPLY	PREPARE REPLY
APPROVAL		DISPATCH	RECOMMENDATION
COMMENT		FILE	RETURN
CONCURRENCE		X INFORMATION	SIGNATURE
Remarks:			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME, ADDRESS AND PHONE NO.			DATE
Chief, Benefits and Services Division 5E 69, Hqs. x-4078			7/30/76
UNCLASSIFIED		CONFIDENTIAL	SECRET

DD/A Registry
File *Personnel*

76-1729/A
DD/A Registry
76-3157

24 JUN 1976

MEMORANDUM FOR: Inspector General

FROM : Michael J. Malanick
Acting Deputy Director for
Administration

SUBJECT : Agency Policy on Gifts and the
Proxmire Amendment to the
Foreign Relations Authorization
Act for Fiscal Year 1977

REFERENCE : Memo to DD/O, DD/S&T, DD/A,
Gen Counsel, and Leg Counsel
dtd 16 June 76, same subject

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In accordance with referent memorandum, I have
appointed Mr. [REDACTED] Chief, Benefits and
Services Division, Office of Personnel, as the

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DDA representative in reviewing overall Agency policy
on gifts. Mr. [REDACTED] is located in Room 5E-69
Headquarters (x4078).

/s/ Michael J. Malanick

Michael J. Malanick

Dist:

0 & 1 - Add
2 - DDA Chrono Subject
1 - DD/Pers/SP
1 - C/BSO
1 - D/Pers Chrono (w/held)
1 - RDK Chrono (w/held)

Originator:

(Signed) F. W. M. Jannoy

Director of Personnel

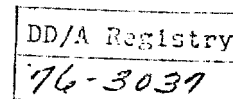
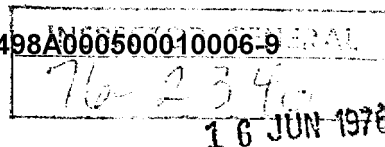
24 JUN 1976

STATINTL

OD/Pers/[REDACTED]:jmm (23 Jun 76)

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Approved For Release 2001/08/27 : CIA-RDP79-00498A000500010006-9



MEMORANDUM FOR: Deputy Director for Operations
Deputy Director for Science & Technology
Deputy Director for Administration
General Counsel
Legislative Counsel

SUBJECT : Agency Policy on Gifts and the Proxmire
Amendment to the Foreign Relations
Authorization Act for Fiscal Year 1977

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REFERENCE : HR [REDACTED] HR [REDACTED] and HHB [REDACTED]

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1. Mr. [REDACTED] has requested that I organize a group to review the overall Agency Policy on Gifts and the effect that the proposed Proxmire Amendment to the Foreign Relations Authorization Act for FY 1977, would have on foreign intelligence gathering activities. The group will also make recommendations concerning this Amendment, for submission to Congress prior to its enactment.

2. It is therefore requested that each addressee appoint a senior officer to act as his representative and advise me soonest of his designation, location, and phone number. The IG or his representative will act as the leader of the group, relying primarily on the members for substantive contributions to consideration of the problem.

3. The first meeting will be held in the Office of the Inspector General, Room 2E24 on 25 June 1976 at 1500 hours. Attached herewith for your information is an OLC fact sheet on the status of the Proxmire Amendment.

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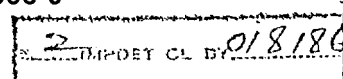
[REDACTED]
Donald F. Chamberlain
Inspector General

Attachment a/s

DDA Distribution:
Approved For Release 2001/08/27 : CIA-RDP79-00498A000500010006-9

1 - D/Pers

CONFIDENTIAL



FACT SHEET ON POSSIBLE AMENDMENT TO THE "FOREIGN RELATIONS AUTHORIZATION ACT, FOR FISCAL YEAR 1977" RESTRICTING FOREIGN GIFTS

The Senate passed on 29 March a version of the Foreign Relations Authorization Act of 1977 (S.3168) which among other things (Amendment No. 1521--Section 103) restricts U.S. Government employees from giving gifts to foreign persons. The provision would, if adopted by the House, hinder foreign intelligence-gathering activities.

The wording of the prohibition in this provision applies broadly to limit payments from appropriated funds by U.S. officials to foreign persons without regard to the purpose--in cash or goods--to \$50 or less. The use of gifts and payments, as inducements to establish productive foreign intelligence relationships is an established practice. The comprehensive language of this provision, however, leaves unclear whether, in any given situation, something given to a foreign person could be considered a "gift" rather than consideration for establishing a bona fide relationship for foreign intelligence purposes. Additionally, the use of Government funds in operations involving investigation and interdiction of illicit drugs or other illegal trafficking could fall within the prohibitions in this provision.

The practice of "gift-giving" to establish relationships of trust in foreign intelligence liaison activities could also be affected adversely by this provision. If U.S. employees are effectively prohibited from giving or receiving such gifts--which generally are personal, ceremonial items--these liaison activities will only be made more difficult. There is no problem with that part of the provision related to retention of gifts by U.S. employees. It appears, however, that this matter is adequately covered by 5 U.S.C. 7342. The problem with the provision is that employees could not accept the gifts even for ultimate turnover to the U.S. Government. To prohibit acceptance of ceremonial and other gifts would be a slap in the face to foreign persons and would work against the need to establish relations of trust and equality that are necessary to develop productive interchanges.

Moreover, the requirement that the circumstances surrounding gifts to foreign persons be detailed in an annual presidential report to Congress could conflict with the responsibilities of the Director of Central Intelligence to protect intelligence sources and methods, as legislated in Section 102(d)(3) of the National Security Act of 1947, as amended (50 U.S.C.A. 403). A statutory conflict also could develop between the reporting requirement of this gift provision and Section 8 of the Central Intelligence Agency Act of 1949, as amended (50 U.S.C.A. 403j), which authorizes the CIA to expend funds for purposes to carry out its functions without having to make public such use of funds.

A reading of Senator Proxmire's remarks made at the time his amendment was considered indicates that the provision is not intended to cover operational activities of intelligence organizations. The broad language of the provision, however, could be interpreted so as to apply to foreign intelligence activities.

s immediate consideration.

The PRESIDING OFFICER (Approved For Release 2001/08/27 : CIA-RDP79-00498A000500010006-9)

ment will be stated. The assistant legislative clerk proceeded to read the amendment.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with. The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, between lines 17 and 18, insert the following new section:

"FOREIGN GIFTS"

"Sec. 103. (a) The Act entitled 'An Act to provide certain basic authority for the Department of State', approved August 1, 1956, amended, is amended by adding at the end thereof the following new section:

"Sec. 20. (a) No property purchased with appropriated funds in excess of \$50 and no appropriated funds in excess of \$50 may be given to any person of any foreign country.

"(b) Not later than thirty days following the end of each fiscal year, the President shall transmit a report to the Speaker of the House of Representatives and Committees on Foreign Relations of the Senate describing fully and completely—

"(1) any gift given on behalf of any person by, or with the assistance of, any officer or employee of the United States to any person of any foreign country; and

"(2) the activities of such officer or employee with respect to the giving of such gift.

"(c) Any financial transaction involving any funds made available to meet unforeseen emergencies arising in the Diplomatic and Consular Service shall be audited by the Comptroller General and reports thereon made to the Congress to such extent and at such times as he may determine necessary. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property pertaining to such financial transaction and necessary to facilitate the audit.

"(b) (1) Section 7342 of title 5, United States Code, is amended—

"(A) by striking out the section captioned and inserting in lieu thereof the following: "§ 7342. Foreign gifts and decorations"; and

"(B) by striking out subsection (c) and inserting in lieu thereof the following:

"(c) Congress does not consent to the accepting or retaining by an employee of any title. No gift may be accepted by an employee.

"(2) Item 7342 in the analysis of subchapter IV of chapter 73 of such title 5 is amended to read as follows:

"7342. Foreign gifts and decorations."

"(c) The amendments made by this section shall apply only with respect to gifts ordered on or after the date of enactment of this Act."

On page 3, line 20, strike out "Sec. 103."

and insert in lieu thereof "Sec. 104."

On page 4, line 2, strike out "Sec. 104."

and insert in lieu thereof "Sec. 105."

On page 4, line 17, strike out "Sec. 105."

and insert in lieu thereof "Sec. 106."

On page 8, line 14, strike out "Sec. 106."

and insert in lieu thereof "Sec. 107."

Mr. PROXMIRE. Mr. President, I have discussed this amendment with the manager of the bill, the ranking minority member, and as far as I know, they are willing to accept the amendment.

This amendment, incidentally, has been passed by the Senate before; it did not survive conference, but I hope it will this time.

Mr. President, as the deadline for filing of Federal income tax returns approaches, taxpayers across the country will be writ-

ing certainly must be millions of Americans gnashing their teeth in disgust over the wasteful, unnecessary, and inappropriate traditions ever perpetuated with tax dollars. I am referring to the giving and receiving of gifts by officials of both the United States and foreign countries.

Today, I am reintroducing an amendment to the State Department authorization bill—S. 3168—that, if enacted, would virtually eliminate the wasteful practice of giving and receiving gifts valued at over \$50, by U.S. and foreign government officials. Second, the amendment would call for the President to report annually to the Speaker of the House and the Committee on Foreign Relations of the Senate on all gifts provided with nonappropriated funds or from private sources passing through the Government to any person of a foreign country. Finally, my amendment would grant authority to the General Accounting Office to audit annually the Diplomatic and Consular Service Fund at the State Department—a catch-all slush fund that has been used for everything from jewelry to disaster relief emergencies.

Mr. President, on October 2, 1974, I introduced amendment No. 1873 to the Foreign Assistance Act of 1961, requiring the President merely to report all properties of \$50 or more purchased with appropriated funds which were given by him or any officer in the Federal Government to any person of any foreign country. This amendment was modified to prohibit the giving and receiving of gifts by U.S. and foreign officials and was passed by voice vote on that day.

Unfortunately, the entire Foreign Assistance Act was recommitment to the Senate Appropriations Committee for further consideration and the amendment died.

Then on December 4, 1974, I introduced another amendment to S. 3394, the Foreign Assistance Act, that would have prohibited the expenditure of taxpayer funds for the giving of gifts costing more than \$50 to foreign heads of state or other foreign dignitaries. Also, contained in that amendment was language prohibiting the receipt of gifts from these foreign officials. Both Senator McGovern and Senator Bakke cosponsored this amendment with me and I was delighted to have this bipartisan support.

However, with assurances from my distinguished colleague Senator McGee of the Foreign Relations Committee, that subsequent comprehensive, corrective legislation on gift-giving would receive careful committee consideration, I withdrew my amendment.

In May of 1975 I introduced S. 1762, a bill to prohibit the giving of gifts and the acceptance of gifts by Federal employees. It was referred to the Foreign Relations Committee without action.

Finally, on September 11, 1975, I reintroduced my gift-giving and receiving amendment to the Foreign Relations Authorization Act of 1976-1977—the same type of amendment that was accepted back in October of 1974 on the foreign aid bill, but subsequently died with that recommitment bill.

Once again, in an attempt not to bog down the passage of that important appropriation bill, I withdrew my amendment after receiving assurance from the committee that hearings would be held on

Mr. President, gift giving has nearly quadrupled over the past 25 years, and now pays \$1 million per year to run this Federal "giveaway" program and to monitor the receipt of gifts from abroad. The American taxpayer is fed up and hopefully my colleagues in the Senate will see fit to give the beleaguered American taxpayer a "legislative refund" by passing this amendment prior to April 15.

Mr. President, just a few more words about what I mean when referring to gift giving and receiving. The State Department has informed my office and the General Accounting Office that at least \$1 million annually is spent in the purchase and giving of gifts to various foreign dignitaries. We all remember the \$3 million VH3A Sikorsky helicopter this country gave to Egyptian President Anwar Sadat—a helicopter that is now rusting in the Egyptian desert. The GAO concluded that this gift was contrary to the "intent of Congress."

During former President Nixon's trip to the Near East, 76 other personal gifts were provided to local authorities. These ranged from Steuben crystal to more expensive American works of art. The funds for this gift giving came out of the \$2.1 million slush fund called the Emergencies in the Diplomatic and Consular Services Account of the Department of State.

And then there was the \$10 million Egyptian Pound gift to the favorite charity of Mrs. Anwar Sadat.

Mr. President, the State Department has refused to disclose the purpose of these gifts and the recipients of each. They continue to operate in secrecy, handing out tens of thousands of American tax dollars without any accountability or review.

Now Mr. President, the foreign policy of this country will not rise or fall on gift giving. We will not conclude a new arms control agreement or a Middle East peace agreement because of gift giving or receiving. This amendment recognizes that fact and establishes a Federal policy that is consistent with the regulations that apply to many other federal employees here at home. Small gifts for diplomatic purposes would still be permissible—those that cost under \$50 each. But extravagant gifts clearly would be prohibited and that makes good sense for the taxpayers of this country.

Mr. President, I am hopeful that the manager of the bill can accept the amendment.

Mr. SPARKMAN. Mr. President, I may say that we discussed this rather fully last year.

Mr. PROXMIRE. That is right.

Mr. SPARKMAN. I am ready to accept it.

Mr. CASE. This has been accepted by the Senate previously and I join my chairman, and accept the amendment now.

Mr. SPARKMAN. I yield back the remainder of my time.

Mr. PROXMIRE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back the question is on agreeing to the amendment of the Senator from Wisconsin.

The amendment was agreed to.

(27 March 1976)

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Approved For Release 2001/08/27 : CIA-RDP79-00498A000500010006-9

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

DD/A Registry
File *Personal*

FROM:

Inspector General

EXTENSION

NO.

DATE

16 June 1976

TO: (Officer designation, room number, and building)

DATE

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. *EO* Deputy Director for
Administration

17 JUN 1976

3

2.

ADDA

17 JUN 1976

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DDA

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D/Puo

5.

6.

7.

8.

2-4

25X1A

Assume you agree
that [redacted] should be
our rep. If so, please
prepare a note to
IG for DDA signature.

25X1A

17 JUN 1976

ADDA: MJMalanick (17 Jun 76)

Distribution:

Orig RS - D/Pers w/att (DDA 76-3037)

1 - DDA Subject w/att

1 - DDA Chrono

1 - MJM Chrono

Att: Memo dtd 16 Jun 76 to DDO, DDS&T, DDA, GC
and OC fr IG, subj: Agency Policy on Gifts
and the Proxmire Amendment to the Foreign
Relations Authorization Act for FY 1977

25X1A

"2-4

Assume you agree that [redacted] should be
our rep. If so, please prepare a note
to IG for DDA signature.

25X1A

Approved For Release 2001/08/27 : CIA-RDP79-00498A000500010006-9

INTERNAL
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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM: Director of Personnel 5 E 58 HQ		EXTENSION	NO.
			DATE 2 JUN 1976
TO: (Officer designation, room number, and building)	DATE	OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED FORWARDED		
1. Acting Deputy Director for Administration			<div>STATINTL</div> <div>STATINTL</div> <p>Attached is a memorandum for your signature designating Mr. [redacted] as the DDA representative to the group to review overall Agency policy on gifts. In a memo dated 16 June, Dr. Chamberlain made this request of the DDO, DDS&T, DDA, General Counsel and Legislative Counsel.</p> <p>STATINTL</p> <p>[redacted]</p> <p>F. W. M. Janney</p> <p>To 3:</p> <p>Makes sense [redacted] has been in this up to his eyeballs with State, etc.</p> <p>13.</p>
2. A-EO/DDA	6/24	[initials]	
3. Acting DDA	24 JUN 1976	[initials]	
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